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IMAGE ONLINE DESIGN, INC.

11
12 UNITED STATES DISTRICT COURT
13 CENTRAL DISTRICT OF CALIFORNIA
14

15 IMAGE ONLINE DESIGN, INC.,

16 Plaintiff,

17 vs.

18 INTERNET CORPORATION FOR
19 ASSIGNED NAMES AND
20 NUMBERS,

21 Defendant.

CV 12-03968-DDP (CW)
Case No.

**COMPLAINT FOR BREACH OF
CONTRACT; BREACH OF
COVENANT OF GOOD FAITH
AND FAIR DEALING;
TRADEMARK AND SERVICE
MARK INFRINGEMENT;
CONTRIBUTORY TRADEMARK
AND SERVICE MARK
INFRINGEMENT;
INTENTIONAL INTERFERENCE
WITH CONTRACTUAL
RELATIONS; AND
INTENTIONAL INTERFERENCE
WITH PROSPECTIVE
ECONOMIC ADVANTAGE**

DEMAND FOR TRIAL BY JURY

FILED
12 OCT 17 PM 3:12
CLERK OF DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

1 Plaintiff Image Online Design, Inc. (“IOD”), by and through its attorneys,
2 Christie, Parker & Hale, LLP, files its complaint against Internet Corporation for
3 Assigned Names and Numbers (“ICANN”) for injunctive relief and damages as
4 follows:

5 **Subject Matter Jurisdiction and Venue**

6 1. This case is a civil action arising under the Trademark Laws of the
7 United States, 15 U.S.C. §§ 1051, *et seq.* This Court has subject matter
8 jurisdiction over the claims in this Complaint which relate to trademark and
9 service mark infringement pursuant to 15 U.S.C. § 1121, and 28 U.S.C. §§ 1331
10 and 1338(a).

11 2. This Court has supplemental jurisdiction over the claims in this
12 Complaint that arise under state statutory and common law of the State of
13 California pursuant to 28 U.S.C. § 1367(a), because the state law claims are so
14 related to the federal claims that they form part of the same case or controversy
15 and derive from a common nucleus of operative facts.

16 3. Venue is proper in this Court pursuant to 28 U.S.C. §§ 1391(b). The
17 claims alleged in this action arose in the Central District of California; and,
18 ICANN transacts business in the Central District of California.

19 **Parties and Personal Jurisdiction**

20 4. Plaintiff IOD is a California corporation with its principal place of
21 business in San Luis Obispo, California.

22 5. Defendant ICANN is a California non-profit public benefit
23 corporation, with its principal place of business in Marina Del Rey, California,
24 within the Central District of California.

25 **Factual Background - The Internet**

26 6. The Internet is an international network of interconnected servers
27 and computers.

28 7. The World Wide Web is a collection of files, or “websites,” hosted

1 on computers and servers and made available to consumers by the Internet,
2 containing text, graphics, audio and video.

3 8. Consumers typically access the World Wide Web using a software
4 application known as a browser (e.g. Microsoft Internet Explorer, Apple Safari).

5 9. Each computer¹ connected to the Internet has a unique identity,
6 established by its Internet Protocol address (“IP Address”). An IP Address
7 consists of four numbers between 0 and 255, separated by periods (e.g.
8 123.45.67.89). The unique IP Address ensures that users can connect to the
9 computer they intend to communicate with.

10 10. Because the string of numbers contained in an IP Address is difficult
11 to remember, the Domain Name System (“DNS” or “DNS System”) was
12 introduced to allow users to identify a computer using an easier-to-remember
13 alphanumeric name (known as a hostname). The DNS is a hierarchical naming
14 system for computers connected to the Internet. The DNS is often analogized as a
15 phone book for the Internet, translating human-friendly computer hostnames into
16 machine-friendly IP addresses.

17 11. In the DNS System, each computer is assigned a hostname (e.g.,
18 “myhost”), and the computer’s hostname exists within a domain name (e.g.,
19 “cnn.com”). The complete DNS name for a computer, known as a fully-qualified
20 domain name, consists of the hostname and its parent domain name (e.g.,
21 “myhost.cnn.com”).

22 12. The DNS ensures that each unique alphanumeric fully-qualified
23 domain name corresponds to a specific numerical IP Address on the Internet. For
24 example, myhost.cnn.com might resolve to 1.2.3.4.

25 13. One popular hostname is “www,” which is commonly used as the

26 ¹ Computer is used throughout this Complaint generically; a computer includes
27 personal computers, web servers or email servers, and other kinds of
28 communication devices attached to the Internet.

1 hostname for a webserver hosting a website. For example, www.cnn.com is the
2 fully-qualified domain name for the webserver operated by CNN.²

3 14. Domain names are commonly used as part of a Uniform Resource
4 Locator (“URL”). For example, the URL http://www.cnn.com contains the
5 domain name “cnn.com,” and the fully-qualified domain name www.cnn.com.

6 15. Internet users connect to a website by typing a URL (including a
7 domain name) into their browser software. When an Internet user attempts to
8 connect to a URL, the domain name is sent to one or more DNS servers which
9 “look up” the IP address assigned to the website (i.e., the fully-qualified domain
10 name). The browser then links to the server having that IP address and which
11 hosts the desired website.

12 16. Similarly, when an Internet user sends an email the IP address of the
13 recipient’s email server is “looked up” using DNS servers so that the email may
14 be delivered.

15 17. The fields of a fully-qualified domain name are separated by periods
16 and read from right to left. The alphanumeric field to the far right is the Top
17 Level Domain (“TLD”) (e.g., “com”), the field to the left of the TLD is the
18 Second Level Domain (“SLD”) (e.g., “cnn”). TLDs are the highest subdivision
19 of Internet domain names.

20 18. The field (if any) to the left of the SLD could be either a hostname or
21 a Third Level Domain, and so on.³ For example, in the URL http://www.cnn.com
22

23 ² It bears noting that a domain name alone (without a hostname – e.g., “cnn.com”)
24 may also correspond to a specific numerical IP Address on the Internet. This
25 functionality permits users to directly navigate to a domain name without typing
the “www” (e.g., a user can navigate directly to cnn.com).

26 ³ The DNS system permits additional levels. For example, the Ninth Circuit Court
27 of Appeals uses ca9.uscourts.gov for its domain name—a third level domain
28 name; the court webserver’s hostname, “www,” is available at
www.ca9.uscourts.gov.

1 the TLD is “com,” and the SLD is “cnn;” in the example URL, the hostname for
2 the webserver, “www” is to the left of the SLD.

3 19. Most TLDs with three or more characters are referred to as “generic”
4 TLDs (“gTLDs”). Common gTLDs include .com, .org, and .biz. There are
5 currently twenty-two gTLDs.

6 20. The organization responsible for operating a particular TLD is
7 referred to as a “registry operator” or “registry.” Registry operators oversee the
8 allocation of SLDs in the TLD, and maintaining a database directory or “zone
9 file” of the allocated SLDs and the respective DNS servers servicing each SLD.

10 21. Registries often⁴ authorize separate companies, called “registrars,” to
11 directly sell the TLD domain names to the ultimate business or consumers
12 owning and using those names in the TLD. Examples of registrars include
13 GoDaddy.com and Network Solutions. The ultimate owners or users of SLDs are
14 called “registrants.”

15 22. Registrars like GoDaddy.com and Network Solutions are approved
16 to register SLDs in TLDs. Registrants, in turn, register domain names through
17 approved registrars and the registrars enter the registered SLDs into the registry’s
18 zone file so the SLD can operate. Registrants pay fees to registrars and registrars,
19 in turn, pay fees to the registries (usually on an annual or other periodic basis) to
20 register domain names within particular TLDs. The registries for the TLDs in
21 turn pay fees to ICANN, periodically (e.g. quarterly) on a per-registration or per-
22 renewal basis.

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25 ///

27 ⁴ Some registry operators exclusively sell SLDs in their TLD and do not use
28 registrars.

1 **Factual Background - ICANN**

2 23. ICANN was created in 1998 in response to a policy directive of the
3 United States Department of Commerce (“DoC”) to administer the DNS. ICANN
4 is charged by the DoC with, among other things, exclusive authority to decide
5 which TLDs to approve and select and to enter into agreements with TLD registry
6 operators.

7 24. Before ICANN’s formation in 1998, overall management of the DNS
8 was carried out under contractual arrangements between the United States
9 Government, which coordinated the development and initially controlled the
10 Internet, and other parties.

11 25. In or about 1997, the DoC came under increasing pressure from
12 various governments and users of the Internet to give up all control over the DNS
13 and to privatize management of the DNS.

14 26. In 1998, the DoC and ICANN entered into the first of a series of
15 agreements that divested the DoC of control over the DNS and assigned to
16 ICANN overall authority to manage the DNS. Under those agreements,
17 ICANN’s duties include determining what new TLDs to approve, choosing
18 registries for existing or newly approved TLDs, and contracting with the
19 registries to operate the TLDs. ICANN also has some responsibility over the
20 Internet’s primary DNS root system. The DNS root system is the system of DNS
21 servers that store the authoritative master list of all TLDs.

22 27. Although the DoC has through written contracts charged ICANN
23 with such responsibilities, the DoC has no regulatory oversight and no statutory
24 authority to direct ICANN’s decisions about, for example, which TLDs to enter
25 into the DNS root system, and which registry operators to select. In fact, no
26 governmental entity or regulatory scheme governs ICANN’s decisions to approve
27 TLDs or registries and ICANN acts as a purely private entity in making such
28 decisions.

1 DNS services and email forwarding services.

2 32. IOD also offers a wide range of other goods and services, under its
3 .WEB trademark and service mark, including online retail store services featuring
4 computer accessories, and computer accessories, to name a few.

5 33. IOD's services under the .WEB trademark and service mark are
6 rendered in both interstate commerce and commerce between the United States
7 and foreign countries.

8 34. IOD has been careful, skillful and diligent in the conduct of its
9 business. As a result of IOD's efforts, the .WEB trademark and service mark has
10 developed a substantial goodwill which inures to IOD's benefit.

11 35. IOD owns a United States Trademark Reg. No. 3,177,334 for its
12 .WEB trademark and service mark.

13 36. While the U.S. Patent and Trademark Office ("USPTO") regards
14 TLDs as generally serving no source-indicating function, the USPTO has
15 recognized that "[a]s the number of available TLDs is increased by the Internet
16 Corporation for Assigned Names and Numbers ("ICANN"), or if the nature of
17 new TLDs changes, the examining attorney must consider any potential source-
18 indicating function of the TLD and introduce evidence as to the significance of
19 the TLD." The USPTO has thus explicitly recognized that TLDs could, in fact,
20 serve source-indicating functions.

21 37. The USPTO's prior stance on the function of TLDs as generally not
22 being source indicating is a relic of an essentially exclusive ".com."

23 38. IOD has acquired common law trademark rights in .WEB and
24 competes with other registries in the gTLD market.

25 39. IOD uses .WEB as a trademark and service mark (collectively, the
26 ".WEB Mark"), and not descriptively or generically, in connection with its
27 registry services.

28

1 40. Relevant consumers associate the .WEB Mark as identifying a single
2 source of goods and services being provided by IOD.

3 **Factual Background - Introduction of New TLDs**

4 41. On April 19, 2000, ICANN's Domain Name Supporting
5 Organization ("DNSO") recommended that ICANN introduce new TLDs in
6 stages, with "a limited number of new top-level domains . . . introduced initially"
7 followed by the "future introduction of additional top-level domains . . . only after
8 careful evaluation of the initial introduction."

9 42. At its Public Board Meeting in Yokohama, Japan on July 16, 2000,
10 ICANN's Board of Directors approved resolutions accepting the
11 recommendations of the DNSO "that a policy be established for the introduction
12 of new TLDs in a measured and responsible manner." ICANN's Board of
13 Directors resolved that ICANN was "to issue a formal call for proposals by those
14 seeking to sponsor or operate one or more new TLDs, accompanied by a New
15 TLD Registry Application Form, instructions for filling out the application, and a
16 statement of criteria for the Board's eventual decision."

17 43. ICANN's amended by-laws, Article IV §1(c), mandate that ICANN
18 "shall not apply its standards, policies, procedures or practices inequitably or
19 single out any particular party for disparate treatment unless justified by
20 substantial and reasonable cause, such as the promotion of effective competition."

21 44. ICANN's stated criteria required ICANN and its staff to fairly and
22 competently evaluate each applicant's application. "The ICANN staff is
23 responsible for gathering information about submitted applications, evaluating the
24 applications and associated information, and making recommendations to the
25 Board based on the applications, associated information, and evaluation."

26 45. On October 1, 2000, IOD submitted a proposal for the inclusion of
27 the TLD .WEB in the Internet's primary DNS root system controlled by ICANN.
28 ("IOD's .WEB TLD Application"). Under IOD's .WEB TLD Application, IOD

1 was to act as the registry operator. Concurrent with IOD's .WEB TLD
2 Application, IOD paid ICANN a non-refundable fee of \$50,000.

3 46. On November 16, 2000, ICANN's Board of Directors issued its
4 decision on new TLDs. ICANN identified seven new TLDs which were selected
5 for "the proof of concept phase." ICANN did not select .WEB as one of the
6 seven new TLDs.

7 47. During the deliberations in 2000, Dr. Vinton Cerf, then the Chairman
8 of ICANN's Board of Directors, stated: "I'm still interested in IOD. They've
9 worked with .WEB for some time. To assign that to someone else given that
10 they're actually functioning makes me uneasy."

11 48. On December 15, 2000, IOD filed with ICANN a request for
12 reconsideration (Reconsideration Request 00-13) of IOD's .WEB TLD
13 Application submitted in accord with the ICANN reconsideration policy.

14 49. On March 16, 2001, ICANN's Reconsideration Committee
15 responded to Reconsideration Request 00-13 stating: "it should be clear that *no*
16 *applications were rejected*; the object was not to pick winners and losers, but to
17 select a limited number of appropriate proposals for a proof of concept. *All of the*
18 *proposals not selected remain pending, and those submitting them will certainly*
19 *have the option to have them considered if and when additional TLD selections*
20 *are made.*" (Emphasis added).

21 50. On May 7, 2001, ICANN's Board of Directors adopted ICANN's
22 Reconsideration Recommendation regarding Reconsideration Request 00-13 "for
23 the reasons stated in that recommendation."

24 51. In a series of Congressional oversight hearings, held to examine
25 ICANN's new TLD selection, ICANN also promised members of Congress that
26 qualified applications for new TLDs that were bypassed would be reviewed
27 again. Dr. Cerf testified before the House Commerce Committee that "one of the
28 things that allowed us to I think achieve consensus [on the seven TLDs selected

1 on November 16, 2000] was the belief that any of the qualifying TLD
2 applications would, in fact, be considered later.”

3 52. In June 2008, ICANN’s Board of Directors adopted the policy
4 recommendations of ICANN’s Generic Names Supporting Organization, which is
5 the successor to the DNSO, for the introduction of new TLDs in rounds and
6 directed its staff to develop detailed implementation plans.

7 53. On September 30, 2009, in an Affirmation of Commitments, ICANN
8 reaffirmed its commitments to the DoC that “ICANN will ensure that as it
9 contemplates expanding the top-level domain space, the various issues that are
10 involved (including competition, consumer protection, security, stability and
11 resiliency, malicious abuse issues, sovereignty concerns, and rights protection)
12 will be adequately addressed prior to implementation.”

13 54. In June 2011, and revised in June 2012, ICANN issued a guidebook
14 for applications for new TLDs. According to the guidebook, ICANN required a
15 non-refundable deposit of \$185,000 for each application.

16 55. The first application window for new TLDs opened on January 12,
17 2012 and closed on May 30, 2012.

18 56. IOD did not submit a new application for the .WEB TLD between
19 January 12, 2012 and May 30, 2012 because IOD’s .WEB TLD Application was
20 still pending before ICANN.

21 57. According to the guidebook, IOD could have received an \$86,000
22 credit toward the \$185,000 new application fee, if IOD agreed that “ ... [it] has no
23 legal claims arising from the 2000 proof-of-concept process.”

24 58. On June 13, 2012, even though IOD’s .WEB TLD Application was
25 still pending before ICANN, ICANN received seven new applicants to operate
26 the .WEB TLD.

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1 59. At least two of the new applicants to operate the .WEB TLD (Afilias
2 Limited and Google, Inc.) reflect a conflict of interest with, and prior ties to,
3 ICANN.

4 60. For example, Steve Crocker, the current Chairman of ICANN's
5 Board of Directors, runs the consulting firm Shinkuro, Inc. which has an
6 investment from Afilias Limited, the owner of .org and .info. Furthermore, Bruce
7 Tonkin, the current Vice-Chairman of ICANN's Board of Directors, is Chief
8 Strategy Officer of Melbourne, IT, which has an agreement with Afilias for .info
9 and has an agreement for services for new gTLD applicants with Afilias.

10 61. For further example, Dr. Vinton Cerf, the former Chairman of
11 ICANN's Board of Directors, has served as vice president and chief Internet
12 evangelist for Google since October 2005. In this role, Dr. Cerf is responsible for
13 advising Google on new enabling technologies and applications on the Internet
14 and other platforms, including new gTLDs, for Google.

15 62. On June 13, 2012, even though IOD's .WEB TLD Application was
16 still pending before ICANN, ICANN did not identify IOD as an applicant to
17 operate the .WEB TLD.

18 63. Allowing other entities to file applications for a .WEB TLD, while
19 IOD's .WEB TLD Application was still pending, is improper, unlawful and
20 inequitable.

21 64. Allowing other entities to file applications for a .WEB TLD, when
22 IOD owns the .WEB Mark, is improper, unlawful and inequitable.

23 65. ICANN recognizes that its process for new TLDs may result in
24 trademark or service mark infringement. ICANN's policy permits a mark holder
25 to file an objection that its trademarks are infringed by the new TLDs.

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1 **First Cause of Action**
2 **(Breach of Contract)**

3 66. IOD realleges and incorporates by reference each of the allegations
4 contained in Paragraphs 1 through 65 of this Complaint as though fully set forth.

5 67. ICANN made a written offer in 2000 for entities to submit
6 applications seeking to sponsor or operate one or more new TLDs.

7 68. As part of this written offer, ICANN provided to entities a New TLD
8 Registry Application Form, instructions for filling out the application, and a
9 statement of criteria for ICANN's Board of Directors' eventual decision.

10 69. As part of this written offer, ICANN required applicants to pay a
11 non-refundable \$50,000 to have their application reviewed by ICANN.

12 70. ICANN further agreed, pursuant to its By-Laws and Agreements,
13 that it "shall not apply its standards, policies, procedures or practices inequitably
14 or single out any particular party for disparate treatment unless justified by
15 substantial and reasonable cause, such as the promotion of effective competition."

16 71. In 2000, when IOD submitted its application for the .WEB TLD and
17 paid ICANN a \$50,000 non-refundable fee, IOD and ICANN entered into a
18 contract to have IOD's .WEB TLD Application reviewed, analyzed, and approved
19 or rejected according to the criteria established by ICANN in 2000.

20 72. IOD has complied with all of the requirements, has fulfilled all of its
21 obligations, and has taken all actions required of it, pursuant to the terms of its
22 contract with ICANN.

23 73. ICANN has never rejected IOD's .WEB TLD Application.

24 74. ICANN has affirmed that IOD's .WEB TLD Application is still
25 pending.

26 75. ICANN has affirmed that IOD will have the option to have ICANN
27 consider IOD's .WEB TLD Application when additional TLD selections are
28 made by ICANN.

1 84. As a result of this contract, ICANN has a duty of good faith and fair
2 dealing in its performance and its enforcement of its contract. This duty is
3 especially high since ICANN is invested with a discretionary power affecting the
4 rights of IOD.

5 85. ICANN has breached its covenant of good faith and fair dealing with
6 IOD because ICANN has not yet considered, approved or rejected IOD's .WEB
7 TLD Application thus frustrating IOD's rights to receive the benefits of the
8 contract.

9 86. ICANN has breached its covenant of good faith and fair dealing with
10 IOD by accepting applications from other entities seeking a .WEB TLD and
11 running a .WEB registry before considering, approving or rejecting IOD's .WEB
12 TLD Application thus frustrating IOD's rights to receive the benefits of the
13 contract.

14 87. ICANN has breached its covenant of good faith and fair dealing with
15 IOD by accepting applications for a .WEB TLD and to run a .WEB registry from
16 other entities with conflicts of interests with, and former ties to, ICANN.

17 88. As a result of ICANN's breach of its covenant of good faith and fair
18 dealing with IOD, IOD has been damaged because it did not submit any new
19 application for a .WEB TLD and has been foreclosed from having its application
20 for a .WEB TLD be considered by ICANN.

21 89. As a result of ICANN's breach of its covenant of good faith and fair
22 dealing with IOD, and ICANN's acceptance of seven new applications for the
23 .WEB TLD, IOD has been irreparably harmed and, if ICANN is not enjoined
24 from considering those new applications, IOD will continue to be irreparably
25 harmed.

26 90. As a result of ICANN's breach of its covenant of good faith and fair
27 dealing with IOD, and ICANN's acceptance of seven new applications for the
28 .WEB TLD, IOD's remedy at law is not adequate to compensate it for the injuries

1 inflicted. Accordingly, IOD is entitled to entry of injunctive relief.

2 **Third Cause of Action**

3 **(Trademark and Service Mark Infringement Under 15 U.S.C. § 1114(1))**

4 91. IOD realleges and incorporates by reference each of the allegations
5 contained in Paragraphs 1 through 90 of this Complaint as though fully set forth.

6 92. IOD has used in commerce on and in connection with its goods and
7 services the .WEB Mark.

8 93. IOD's use of the .WEB Mark is unique and distinctive and
9 designates a single source of origin.

10 94. IOD owns a United States trademark and service mark registration
11 for the .WEB Mark, Registration No. 3,177,334.

12 95. Each of the seven new applicants has paid, and ICANN has
13 accepted, non-refundable deposits of \$185,000 to operate the .WEB registry in
14 the Internet's primary DNS root system controlled by ICANN.

15 96. ICANN has stated, through its guidebook, press releases regarding
16 the addition of new TLDs including the .WEB TLD, and postings on its website,
17 that it intends to permit one or more of the new applicants to operate the .WEB
18 registry in the Internet's primary DNS root system controlled by ICANN.

19 97. ICANN's acceptance of the seven \$185,000 deposits, and ICANN's
20 affirmations that it intends to permit one or more of the new applicants to operate
21 the .WEB registry in the Internet's primary DNS root system controlled by
22 ICANN, constitute a use in commerce of IOD's federally registered trademark
23 and service mark which is likely to cause confusion, mistake, or to deceive.

24 98. The above-described acts of ICANN constitute trademark and
25 service mark infringement in violation of 15 U.S.C. § 1114(1), entitling IOD to
26 relief.

27 99. ICANN has unfairly profited from the trademark and service mark
28 infringement alleged.

1 109. Each of the seven new applicants has paid, and ICANN has
2 accepted, non-refundable deposits of \$185,000 to operate the .WEB registry in
3 the Internet's primary DNS root system controlled by ICANN.

4 110. ICANN has stated, through its guidebook, press releases regarding
5 the addition of new TLDs including the .WEB TLD, and postings on its website,
6 that it intends to permit one or more of the new applicants to operate the .WEB
7 registry in the Internet's primary DNS root system controlled by ICANN.

8 111. ICANN's acceptance of the seven \$185,000 deposits, and ICANN's
9 affirmations that it intends to permit one or more of the new applicants to operate
10 the .WEB registry in the Internet's primary DNS root system controlled by
11 ICANN, constitute a use in commerce of IOD's and is likely to cause confusion,
12 or to cause mistake, or to deceive the relevant public that services authorized by a
13 .WEB registry are authorized, sponsored or approved by or are affiliated with
14 IOD.

15 112. The above-described acts of ICANN constitute trademark and
16 service mark infringement and false designation of origin in violation of
17 15 U.S.C. § 1125(a), entitling IOD to relief.

18 113. IOD is being damaged and is likely to be damaged in the future by
19 ICANN's infringement by reason of the likelihood that users of a .WEB registry
20 will be confused or mistaken as to source, sponsorship or affiliation.

21 114. ICANN has unfairly profited from the actions alleged herein and will
22 continue to unfairly profit and become unjustly enriched unless and until such
23 conduct is enjoined.

24 115. By reason of the above-described acts of ICANN, IOD has suffered
25 and will continue to suffer damage to the goodwill associated with the .WEB
26 Mark.

27 116. The above-described acts of ICANN have irreparably harmed and, if
28 not enjoined, will continue to irreparably harm IOD and the .WEB Mark.

1 137. ICANN knows that IOD has contracts with its customers to provide
2 and manage domain names that resolve in IOD's .WEB registry.

3 138. ICANN has intentionally and knowingly interfered with IOD's
4 existing customer contracts by permitting other entities to apply for and operate a
5 .WEB registry in the Internet's primary DNS root system controlled by ICANN.
6 Because IOD has made its .WEB registry services available via alternate DNS
7 root systems, and to consumers who chose to modify their web browsers to
8 resolve domain names ending in .WEB, the inclusion of .WEB in the Internet's
9 primary DNS root system by ICANN will cause computer users searching for
10 IOD's customers' computers, to reach other computers instead.

11 139. ICANN's acceptance of the seven \$185,000 deposits, and ICANN's
12 affirmations that it intends to permit one or more of the new applicants to operate
13 the .WEB registry in the Internet's primary DNS root system controlled by
14 ICANN, has disrupted and interfered with, and will continue to disrupt and
15 interfere with, IOD's ability to fulfill its contractual obligations to provide .WEB
16 registry services to its customers.

17 140. As a result of ICANN's intentional interference with IOD's
18 contractual relations, IOD has been damaged in an amount to be determined at
19 trial.

20 141. As a result of ICANN's intentional interference with IOD's
21 contractual relations, IOD has been irreparably harmed and, if ICANN is not
22 enjoined from considering those new applications, IOD will continue to be
23 irreparably harmed.

24 142. As a result of ICANN's intentional interference with IOD's
25 contractual relations, IOD's remedy at law is not adequate to compensate it for
26 the injuries inflicted. Accordingly, IOD is entitled to entry of injunctive relief.

27 143. ICANN's intentional interference with IOD's contractual relations
28 was done with oppression, malice and fraud, and undertaken with conscious

1 disregard for the rights of others, including IOD. Therefore, IOD is entitled to an
2 award of punitive and exemplary damages against ICANN.

3 **Seventh Cause of Action**

4 **(Intentional Interference With Prospective Economic Advantage)**

5 144. IOD realleges and incorporates by reference each of the allegations
6 contained in Paragraphs 1 through 143 of this Complaint as though fully set forth.

7 145. IOD maintains relationships with prospective customers, who in the
8 future may purchase IOD's .WEB services, including the ability to register a
9 domain name in IOD's .WEB registry. These relationships are likely to provide
10 future economic benefit to IOD.

11 146. ICANN knows of IOD's potential relationships with prospective
12 customers.

13 147. ICANN has intentionally and knowingly interfered with IOD's
14 prospective customers by permitting other entities to apply for and operate a
15 .WEB registry in the Internet's primary DNS root system controlled by ICANN.
16 Because IOD has made its .WEB registry services available via alternate DNS
17 root systems, and to consumers who chose to modify their web browsers to
18 resolve domain names ending in .WEB, the inclusion of .WEB in the Internet's
19 primary DNS root system by ICANN will cause computer users searching for
20 IOD's customers' and potential customers' computers, to reach other computers
21 instead.

22 148. ICANN's acceptance of the seven \$185,000 deposits, and ICANN's
23 affirmations that it intends to permit one or more of the new applicants to operate
24 the .WEB registry in the Internet's primary DNS root system controlled by
25 ICANN, has disrupted and interfered with, and will continue to disrupt and
26 interfere with, IOD's ability to obtain new contractual obligations to provide its
27 .WEB services including its .WEB registry services.

28

- 1 g. intentionally interfered with IOD's prospective economic
2 advantage.
- 3 2. That each of the above acts was willful.
- 4 3. That the Court issue a Temporary Restraining Order and Preliminary
5 Injunction enjoining and restraining ICANN and its respective agents, servants,
6 employees, successors and assigns, and all other persons acting in concert with or
7 in conspiracy with or affiliated with ICANN, from using the .WEB TLD in a
8 manner that is likely to cause confusion regarding whether ICANN or any of the
9 seven entities applying for the .WEB TLD are affiliated or associated with or
10 sponsored by IOD.
- 11 4. That IOD be awarded damages for ICANN's trademark and service
12 mark infringement, contributory trademark and service mark infringement, breach
13 of contract, breach of the covenant of good faith and fair dealing, intentional
14 interference with contractual relations and intentional interference with
15 prospective economic advantage.
- 16 5. That IOD be awarded ICANN's profits resulting from its
17 infringement of IOD's .WEB Mark.
- 18 6. That ICANN be ordered to account for and disgorge to IOD all
19 amounts by which ICANN has been unjustly enriched by reason of the unlawful
20 acts complained of.
- 21 7. That damages resulting from ICANN's willful infringement be
22 trebled in accordance with the provisions of 15 U.S.C. § 1117.
- 23 8. That IOD be awarded punitive and exemplary damages against
24 ICANN in an amount according to proof.
- 25 9. That the Court issue a Permanent Injunction enjoining and
26 restraining ICANN and its respective agents, servants, employees, successors and
27 assigns, and all other persons acting in concert with or in conspiracy with or
28 affiliated with ICANN, from using the .WEB TLD in a manner that is likely to

1 cause confusion regarding whether ICANN or any of the seven entities applying
2 for the .WEB TLD are affiliated or associated with or sponsored by IOD.

3 10. That the Court award IOD its reasonable attorneys' fees pursuant to
4 15 U.S.C. § 1117, and any other applicable provision of law.

5 11. That the Court award IOD its costs of suit incurred herein.

6 12. That IOD be awarded such other relief as may be appropriate.
7

8 DATED: October 17, 2012

Respectfully submitted,

9 CHRISTIE, PARKER & HALE, LLP

10
11 By Howard A. Kroll
12 David J. Steele
Howard A. Kroll

13 Attorneys for Plaintiff
14 IMAGE ONLINE DESIGN, INC.
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DEMAND FOR TRIAL BY JURY

Plaintiff Image Online Design, Inc. hereby demands a trial by jury to decide all issues so triable in this case.

DATED: October 17, 2012

Respectfully submitted,
CHRISTIE, PARKER & HALE, LLP

By Howard A. Kroll
David J. Steele
Howard A. Kroll

Attorneys for Plaintiff
IMAGE ONLINE DESIGN, INC.

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